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The evolving tax value proposition of Dubai

The opportunities of the Dubai commercial environment are becoming increasingly well-known among the multinational business community. One particularly important aspect is the opportunities for tax-efficient restructuring of key business functions in Dubai.

From a general commercial perspective, the benefits of operating a Dubai-based (ever-expanding) regional headquarters are now well-known. These benefits are because of a combination of ease of business set-up; minimal foreign ownership restrictions; a first-class communication, transport and trading infrastructure; relaxed immigration formalities for expatriate workforces and a unique geographic location in the centre of the Eastern Hemisphere. Dubai also offers a stable political and economic environment as well as a supportive "can-do" attitude of the government.

Enhancement of these commercial opportunities is provided by an attractive tax environment, including:

- no business income, corporate, capital gains or withholding taxes levied by the government of the emirate of Dubai or by the federal government of the United Arab Emirates (UAE);
- an absence of personal or employment taxes;
- no corresponding tax filings or other obligations to local tax authorities; and, perhaps most interestingly;
- a tax treaty network of in excess of 40 double tax agreements.

Consequently there is an increasing use of Dubai as an entrepreneurial regional sales centre. Multinationals are locating business functions that control all aspects of the regional supply-chain process, including contract manufacturing, distribution, sales, marketing and other centralized functions including finance, human resource, IT and administrative activities.

The recent launch of the Dubai International Financial Centre (DIFC) further enhances Dubai's strategic position as a tax-efficient regional centre offering new opportunities for captive financing, intellectual property and investment holding companies.

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